



Fact Sheet

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Foreign Agricultural Service
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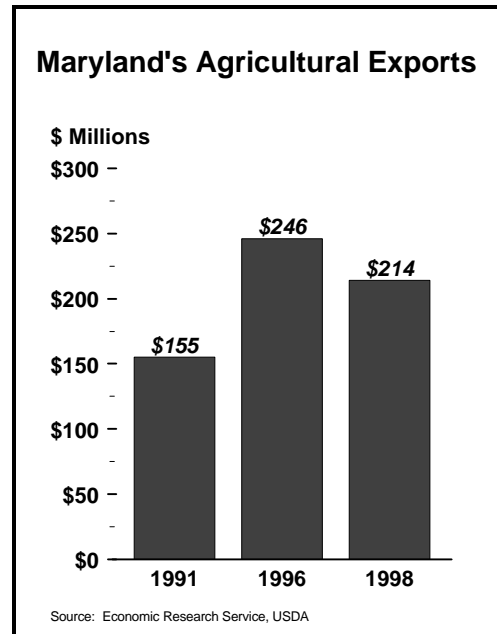
Permanent Normal Trade Relations with China **What's at Stake for Maryland?**

Maryland's agricultural goods are exported worldwide. In 1998, the state's farm cash receipts totaled \$1.5 billion. As for exports, the value of agricultural products leaving the state was estimated at \$214 million in 1998. These exports help boost farm prices and income, while supporting jobs both on the farm and off the farm in food processing, storage, and transportation.

Trade Benefits

The following key products are important to Maryland, and expected to reap some of the largest agricultural export gains from China's accession to the World Trade Organization (WTO).

- # **Poultry Meat**--With a large portion of its farm receipts coming from broiler production, Maryland's poultry and product exports worldwide were estimated at \$83 million in 1998. With imports accounting for 12 percent of total consumption, China is already the second leading market for U.S. poultry exports. Under its WTO accession agreement, China will cut its tariff in half (from 20 percent to 10 percent) by 2004 for frozen poultry cuts. There will be no quantity limits at these tariff levels. As a result of the 1999 U.S.-China bilateral agreement, China agreed to accept all poultry meat from the United States that is certified wholesome by USDA.
- # **Soybeans and Products**--Maryland's soybean exports worldwide were estimated at \$52 million in 1998. China is the world's largest growth market for soybeans and products, and has taken important steps under its WTO accession agreement to open its market to these products. Tariffs will be bound at a low 3 percent on soybeans and 5 percent on soybean meal with no quota limits. For soybean oil, the tariff will drop to 9 percent, and the tariff-rate quota and state trading will be eliminated by 2006.
- # **Corn for Feed**--Maryland grows corn for feed, with exports worldwide estimated at \$26 million in 1998. China's grain policies are becoming more market-oriented and its WTO accession commitments will speed up this process, opening up real long-term opportunities for foreign grain suppliers. China committed to a nominal 1-percent tariff on all grains imported within a tariff-rate quota (TRQ). The TRQ on corn will be initially set at 4.5 million metric tons and grow to 7.2 million metric tons by 2004. Private traders will be permitted to handle 25 percent of imports under the TRQ, growing to 40 percent. In 1998, China imported less than 250,000 metric tons of corn from all countries. China's commitment to end export



subsidies will reduce its price competitiveness for corn in other markets.

- # **Tobacco**—Maryland's unmanufactured tobacco exports worldwide were estimated at \$11 million in 1998. China accounts for one-third of the world's tobacco production. Its accession to the WTO would allow for freer tobacco trade, providing opportunities for U.S. tobacco exporters. China has committed to cut import tariffs on cigarettes from 65 percent to 25 percent and cut leaf tobacco tariffs from 40 percent to 10 percent. If China accedes to the WTO, it would be subject to specific WTO rules prohibiting unjustified phytosanitary measures and disputes could be addressed under the WTO dispute settlement process.